LEADING WITH LEAN

AN EXPERIENCE-BASED GUIDE TO LEADING A LEAN TRANSFORMATION

Philip Holt
“Philip has written a clear and practical guide for Lean champions and existing Lean leaders, which provides an end-to-end guide on designing and sustaining a Lean transformation. If you are looking to build a culture of continuous improvement, whether at one or a multi-site level, this provides some real gems of practical ‘know why’ and ‘know how’ for Lean leaders everywhere.”

– Jon Tudor, president of the Association for Manufacturing Excellence UK

“In Leading with Lean, Philip Holt has ably mapped out the benefits, challenges and effective approaches for leading a Lean transformation. Leading with Lean draws on lessons that the author learned from the trenches through to the executive level, while helping to guide a decade-long Lean journey at a global multinational corporation. The book will appeal both to the executive searching for a comprehensive framework for leading with Lean, and to the Lean expert who must speak a common language to gain buy-in and behavior change from the leaders in their organization. Packed with practical wisdom, the reader will no doubt be compelled to put the book down and take action many times before turning the final page.”

– Jon Miller, partner at the Gemba Academy

“Philip Holt provides the reader with more than an in depth look at leading with lean, he provides a process along with insightful new concepts to grab the reader and bring them many revelations on leading the lean journey. Concepts such as Leadership Activism, Mosquito leadership, and many others provide a straight forward and practical understanding of leading a lean journey. If you are leading a lean transformation, it is a must read for your leadership team.”

– Kevin J. Duggan, President of Duggan Associates

“Although Lean has been around for some time, it continues to make defining inroads both in new industries and in office environments. I can’t think of anybody better placed than Philip to share his reflections and experiences accumulated over more than 25 years leading change with Lean in both manufacturing and services. I recommend this book to all, as its practical insights will help us to lead the change we want to see.”

– Mathieu Verger, Head of Accounting Operations, Philips Lighting
# TABLE OF CONTENT

1. **Introduction**
   - The metaphor of the lone violinist
   - The original lone violinist
   - Impossibility leads to new ideas
   - Being heard
   - Why Leading with Lean?
   - What’s in it for you?
   - Understanding value in the eyes of the customer
   - Structure of the book
   
   **PART I - PLANNING TO LEAD**

2. **What is Lean?**
   - The different levels of Lean
   - LEAN as an acronym
   - Thinking Lean
   - The Lean Principles
   - Lean Leadership
   - Lean is simply good business
   
3. **Beginning the Change**
   - Start with Why
   - Communication, communication, communication
   - Getting on the change curve
   - You can’t please all of the people all of the time
   - Engaging employees
   - Engaging the leadership
   
4. **Building Capability**
   - The importance of conscious incompetence
   - Developing the right Lean expertise
   - Hiring consultants
   - External hires
   - Internal development
   - Distributed expertise
PART III - LEADING AT SCALE

10. Learning from Success
   - The Kaikaku experience
   - It’s not industrial tourism
   - The model line as the internal Kaikaku experience
   - Not-invented-here syndrome
   - Scale, scale, scale

11. Going Viral - Mosquito Leadership
   - The Lean virus
   - The beliefs of the Mosquito Leader
   - Influence beyond hierarchy

12. Coaching Leadership
   - Hansei
   - Toyota Kata
   - The final leadership style
   - The journey to a coaching style

13. The Business Excellence Competition
   - The Philips Excellence Competition
   - Why you need a business excellence competition
   - Setting up the business excellence competition
   - The business excellence competition annual cycle
   - The jurors, the awards and the selection criteria
   - Getting teams engaged in the business excellence competition
   - The results of the business excellence competition
PART IV - LEADING EXCELLENCE

14. Creating the Lean Enterprise
   Being the doctor, not the shopkeeper
   If you’re in a hole, stop digging
   The centre of excellence
   Coaching upward
   Building the leadership impact
   Enterprise-wide transformation

15. Breaking the Mediocrity Barrier
   The definition of mediocrity
   The burning platform
   The chicken and the pig
   The management sandwich
   Planning for success

16. Making the Business Excellence
    Team Excellent
    Recruiting the right people
    Enabler = accountable
    The intelligent no
    Healthy reporting line tension and a small central team
    The centre of excellence
    The business excellence competition

17. Reconciling the Value Stream with Local Autonomy
    End-to-end thinking
    The horizontals and the verticals
    The horizontals
    The verticals
    Autonomation
PART V - LEADING WITH LEAN

18. Making the New Way of Working the Culture
   Being the culture that you want
   The problem with problems
   Rewarding execution, not ideas
   What sport teaches us about leadership
   So what can we learn from rugby about leadership
   (and in particular Lean Leadership?)

19. Lean: A Lifetime of Journeys
   A journey must have a destination
   There are multiple journeys
   Making yourself redundant
   It’s not déjà vu if you love it

20. Stamina, Stamina, Stamina
   Being the lone violinist
   Keeping employees employed
   Making history

21. Leading with Lean
   Being a yardstick of quality
   The Lean Leadership model
   Leading with Lean - A conclusion

Notes
Glossary of Lean Terms
Acknowledgements
About the author
1. INTRODUCTION

The metaphor of the lone violinist

In 2007 the Washington Post undertook an experiment,1 where they asked one of the world’s most famous violinists, Joshua Bell, to play at a Washington metro station, the L’Enfant Plaza Station. Just three days earlier he had played to a sell-out audience at Boston’s Symphony Hall and even mid-range tickets for his performance had sold for at least $100 per ticket.

On this particular day Joshua played some of his most celebrated pieces, over a period of 45 minutes, as more than 1,000 commuters passed him by, yet only seven people stopped to listen for even a minute (the maximum was three minutes) and only 27 gave money. Everyone else was simply too busy to stop. Outside of the context of his usual performing environment, he was not recognised and his talent unappreciated. He earned just $37.

When we look at what happened in this situation, it is easy to dismiss this as due to the busy lives and tight schedules of the many commuters who passed by Joshua that day. However, if his performance had been publicised in some way, and general knowledge had got around that he was playing there that morning, I’m certain that a crowd would have formed and that people would have taken the time to listen to his performance.

In fact, what I believe happened is that no-one recognised the quality of the artist available to enhance their morning commute and to provide them with a boost to their daily wellbeing. Had they known who the performer was, and the world-class status that he carries, I’m positive that many of them would have stopped, accepting the short-term impact on their schedule to benefit from the cultural enrichment on offer, along with the ‘bragging rights’ around the water cooler later that day. However, with the exception of the few who stopped for a fleeting moment, the vast majority were unwilling to take the risk of stopping and interfering with their schedules, even if this might have provided them with a very tangible benefit.

When we look at the experiment from that perspective, we could easily be critical of the people who failed to stop, suggesting that, if only they would look around in the world occasionally, they could have enhanced their lives by taking advantage of an opportunity to experience the music of an expert violinist. However, in the article there were two quotes that can provide us with an alternative perspective:
If a great musician plays great music but no one hears... was he really any good?
- Gene Weingarten, the author of the article

At the beginning I was just concentrating on playing the music. I wasn’t really watching what was happening around me...
- Joshua Bell

Linking this article to the purpose of this book, it has, for me, become a metaphor for being a Leader of Lean Transformation, in that it can sometimes feel like you are this lone violinist, an expert (as far as anyone can claim to be) in the field of Lean Thinking, perhaps able to provide the organisation with a new way of working, providing the opportunity to become world-class but with everyone too busy to listen. However, just as with Joshua Bell and the Washington Post’s experiment, if you have not established the context and a compelling reason for the ‘audience’ to listen to you, then your organisation will continue with their daily business regardless and you will remain unheard. If you simply concentrate on playing your tunes: running Kaizen events, Lean projects, training courses, etc., without observing what is happening around you, it is likely that you’ll be oblivious to the lack of real change that is occurring, until it’s unfortunately too late.

The original lone violinist

![Taiichi Ohno](image.png)
On 29 February 1912, a child was born who would become one of the world’s least well known revolutionaries. That child was Taiichi Ohno and, had he revolutionised medicine, communication technology or the arts, he would most likely have been far better known than he is today.

However, Ohno-san revolutionised first the Toyota Motor Corporation and then, as a result of the success they achieved through the system he developed, the whole automotive industry and subsequently industry as a whole. As a result, he has a very respectable esoteric recognition but it is much more modest than I believe that it ought to be. Nevertheless, for those of us for whom excellence through Lean Thinking is admired, Ohno-san embodied the traits that the Lean Leader must have in order to be successful:

- Respect for people
- Integrity
- Discipline
- Purpose
- Stamina
- Humility

There are many stories about Taiichi Ohno and he is generally credited with the creation of ‘Ohno Circles’ and of establishing ‘5 x Why’ within the culture of Toyota. However, one of my favourites is about his influence on the development of SMED (single minute exchange of dies).²

**Impossibility leads to new ideas**

In the 1960s, Toyota’s changeover times for their 1,000-tonne press machines was between two and four hours and whenever a changeover took place the entire line had to stop, which led to lower production. At the time, Volkswagen was performing their changeovers in less than two hours, so Toyota set the goal of doing the same and, with the help of Shigeo Shingo, they were able to reduce changeover time from four hours to one hour. Despite this incredible improvement in changeover time, Taiichi Ohno said the following:

> Now reduce the changeover time to less than 10 minutes!

Shigeo Shingo and the team thought that challenge was impossible but, since they were all sufficiently intimidated by the determination of Taiichi Ohno, they went about trying to meet the challenge.
A concept that came out of this challenge was to attempt to transition all internal changeover time into external changeover time, leading to several innovations in the preparation and execution of changeover and, after some trials, experimentation and testing, the team was able to reduce the changeover time to seven minutes, then from seven minutes to three minutes. According to Wakamatsu, this challenge and the team’s response led to two critical aspects of the Toyota production system:

1. Single-minute exchange of die (SMED)
2. One-piece flow

Ohno-san was determined that breakthrough thinking was required in order that Toyota could not only match their competitors’ changeover times but could smash through them and take a competitive advantage. To do this he had to play the lone violinist in his belief and commitment to this cause but, unlike in the Washington Post experiment, he could not play the tune on his own and instead had to engage with the Team and utilise their knowledge, skills and expertise to achieve the goal. They understood the purpose, respected his authority to challenge the status quo and, together, delivered a world-class performance. The lone violinist started to form an orchestra.

**Being heard**

It should now be clear that whilst the Lean Transformation Leader should be a lone violinist in terms of their unconventional view and challenge to the status quo, the ability to be heard must be inherent in the approach they take. For the Lean Leader, communication is an essential part of the Lean Transformation effort and they will make every effort to ensure that the organisation’s people are aware of their existence, the reasons for the initiative, its objectives, the plan, opportunities, expected contribution and progress on an ongoing basis. Being heard has to be a key element of the Lean Transformation yet, as with any good communication strategy, the important element of being heard is listening.

*When you talk, you are only repeating what you already know. But if you listen, you may learn something new.*

- Dalai Lama
It is therefore essential that the Lean Leader listens intently to what the organisation needs, the ‘voice of the customer’, for their efforts, while being careful not to confuse what the organisation says it wants with what it needs. This subtle but important difference will be one of the critical success factors for the Lean Leader, as the organisation will not know what it doesn’t know. This is a common error for the Lean Leader, attempting to please the organisation by giving it what it asks for instead of what it needs. The analogy for this is the difference between a shopkeeper and a doctor; as the shopkeeper provides customers with what they ask for (within legal limits of course), while the doctor listens to the symptoms of the customer (the patient) and attempts to understand the underlying root cause before providing a course of treatment. The Lean Transformation Leader must therefore act as the doctor, not the shopkeeper.

Why Leading with Lean?

Across the world employees are disengaged and this is recognised as a problem at the senior-leadership level across industry around the world. According to Gallup’s Global Employee Engagement Survey only 13% of employees worldwide are engaged at work. Even more concerning is the revelation that 24% are ‘actively disengaged’, meaning that they are unhappy and unproductive at work and liable to spread negativity amongst their colleagues. Furthermore, according to a report by the Harvard Business Review Analytic Services, based on responses mainly from senior executives, 71% of respondents rank employee engagement as very important to achieving overall organisational success.

This gulf between the state of employee engagement, which is without exception across industries and cultures, and the recognition by senior leadership of its necessity to drive performance, should be a major concern for any organisation’s leadership and its resolution the most significant executive priority. Therefore, a key proposition of this book is that an organisation’s leadership makes the difference between engaged and disengaged people and between a culture of high or mediocre performance and that Lean Leadership is the most effective methodology to achieve high levels of employee engagement, a high-performance organisation and ultimately a quality mindset.

To attain the state of Lean Leadership, four complementary leadership styles must be practised, as described in the book, with the intent that they will result in an organisation focussed on people so as to engage them in their work:
1. Leadership Activism
2. Visible Leadership
3. Mosquito Leadership
4. Coaching Leadership

The Leading with Lean Venn diagram
These leadership styles, when lived authentically, will give the leader the ability to connect with their team members and transform the behaviours, mindset and culture of their organisation.

This is not to say that these styles can be forced or easily mastered. It will take a real commitment from each leader to adopt Lean Leadership and the styles required to make it successful but, even in the early days of their adoption, an immediate difference will be seen, provided that the leader is willing to move into a state of conscious incompetence (admitting what they don’t yet know) and having the humility to make mistakes and learn.

The long-term return will be significant for both the individual and the organisation and, in the author’s organisation, Royal Philips, several years of Lean Transformation have demonstrated significant improvements in leadership and business performance for those areas of the business that have truly seized the opportunity.

What’s in it for you?

Being a Lean Transformation Leader is a challenging job and the risk-reward ratio is not always obviously positive in comparison to taking a ‘regular job’. However, for those who are successful, the opportunity to make an impact far beyond what could ordinarily be achieved as a sole contributor is huge, and the insight, understanding and learning that can be gained, extensive.

As a result, the career opportunities for those Lean Leaders who make it work are significant, normally leading to leadership positions across a wide range of functions and on a global basis. Be in no doubt about it, Lean Leaders who are successful will receive multiple offers for attractive roles and will experience a career that will be the envy of many of their family, friends and colleagues.

Nevertheless, I have personally found that the most attractive attributes have always been the learning and the camaraderie that is derived from the Transformation and the many Kaizen events, coaching sessions, Kaikaku experiences and training sessions that you are involved in will allow you to touch the professional lives of many people and learn a great deal about yourself.

A particularly fulfilling element of Lean Leadership is the training and coaching of colleagues from across the hierarchical spectrum of the organisation. I will go into more detail later in the book about the importance of the certification process in establishing a core competency in Lean Thinking but for the moment it is suffice to say that both training and coaching are of equal importance and a Lean Leader will be involved in both to ensure that knowledge transfer and practical elements of learning are supported.
One of the most exciting and unusual aspects of the role of a Lean Leader is the opportunity to coach senior leaders and executives within the organisation. In fact, this is one of the few areas where I have observed more junior members of the organisation coaching more senior members, in contrast with the usual situation whereby executive coaches are ‘bought in’ from external parties. This provides a unique symbiotic relationship, where the Lean Leader can coach the executive in a different way of thinking, problem solving and behaving, whilst the executive can educate the Lean Leader in some of the specific strategic challenges for the organisation. This is not easy for the Lean Leader and provides another challenge which a ‘regular job’ would not, but for the right person this is another reason to embrace being a ‘lone violinist’.

Given the multitude of challenges and the unique nature of the role, there is no doubt that it is a tough job and that it takes a special kind of person to do it successfully but, for those who master it, it is one of the most rewarding and interesting roles that you can have in the organisation.

Understanding value in the eyes of the customer

Womack and Jones codified Lean Thinking in their book of the same name. The first step is to define value in the eyes of the customer. I believe that writing a book demands the same approach, so I discussed with a number of potential customers and colleagues what they wanted from a book about Lean Thinking. The answer was a ‘how to’ manual that would combine some practical examples of how Lean can be applied, with clear guidance on how to transform an organisation, with particular emphasis on the role of the Lean Transformation Leader.

Surveying the broad landscape of Lean books on offer, I identified that there was a gap in the market to address their needs. Having a personal desire to share my experience in this field, I decided to embark on the journey of bringing it into print. The result is, I hope, a guide for the Lean Transformation Leader who really wants to do more than simply apply the Lean tools and run Kaizen events. While these activities are important, true transformation of an organisation results from a meaningful intervention in the behaviour of its employees at every level and particularly at the leadership level.

The purpose of this book is therefore to provide the Lean Leaders out there (either currently practising or aspiring) with some guidance and support in ensuring that the organisation hears their tune and recognises the opportunity that a new way of thinking and working will bring to the business performance. Within this book you will find guidance on how to do this step by step as you navigate the long Lean Transformation journey ahead of you, whether you are right at the start of it, or a few years in.
Structure of the book

The structure of this book is intended to guide you, the Lean Transformation Leader, through your personal journey navigating your personal change curve and the frustrations, challenges and successes that it will bring. Whether you are responsible for the Lean Transformation of a global corporation, are the CEO, a head of department or the Lean champion of a single site, I hope this book will guide you in doing the right things and reassure you that you will succeed if you maintain the integrity of your approach.

While this book is intended to be read by people at various levels in the organisation and in different types of organisation, all readers should have a very similar aim, to transform, to the extent that they are able, the way that their organisation operates, using Lean Thinking as the means to achieve this change.

The book is based upon my own experiences Leading with Lean in a global organisation as well as my observations from researching and visiting many organisations at various stages in their Lean Transformations. With this book I aim to bring that experience together in one place. I have made the decision to focus on the Leadership aspect of Lean Thinking, so please forgive me for explaining the Lean Tools only at the conceptual level, where further detail would have made the book far too long. I have provided notes for most, if not all, of the references, which should provide you with any additional information that you may need.

At the end of every chapter there is a blank page for your reflections but in a way that in Lean Thinking is called ‘Hansei’. Hansei is an opportunity for reflecting back on one’s self, or one’s own action, and therefore provides the reader with a few moments to think about how what they have just read links to their own way of working and actions. I would therefore encourage you to take a pen and write down your thoughts at the end of each chapter before reading further.

When it comes to your own way of working, what are:

1. Your key learning points?
2. The changes that you could make?
3. Current problems that they would help to solve?

By doing this at the end of every chapter, you will hopefully already be practising a key element of Lean Leadership, which is covered in more detail later in the book.

Whilst the book may be constantly used as a reference manual throughout your Lean Transformation, it is essential that you ensure that the journey follows the advice in full, as skipping over elements of it, especially because they are difficult or you don’t feel that
they are relevant to you or your organisation, will sow the seeds of failure. Very few organisations have sustainably achieved Lean Excellence and the reason is that it is hard to do, requiring discipline and at least one lone violinist to succeed. The intention is that, with this book by your side, you can lead your organisation in joining that elite club of world-class enterprises and derive the benefits that it brings. The sequencing of the book was challenging to decide upon, as many aspects of a Lean Transformation and a Lean Management System are interdependent and non-sequential. However, for convenience I have arranged them in what I believe is a rational order:

**Part I - Planning to Lead**

Understanding why your organisation needs to undertake a Lean Transformation is critical to its long-term success. In the first part of the book I explain how to establish this, plan the Lean Transformation and get started on the journey. Key elements of this are understanding the different levels of Lean, its principles and what Lean Leadership means.

In this initial section you will also learn how change and communication planning is essential throughout the journey and the challenges and opportunities that exist in building Lean expertise. This includes discovering to what degree unconscious incompetence is getting in your organisation’s way and overcoming it.

Finally I will take you through the building of your Transformation Model, with some practical examples of how to build a model that will deliver long-term Lean transformation and operational excellence.

**Part II - Learning to Lead**

In the second part of the book the first two requirements for Lean Leadership, Leadership Activism and Visible Leadership, are covered. This requires that we learn to lead. To begin this experimentation, we first need to understand, plan, communicate and execute our business strategy, so we first spend a chapter on Hoshin Kanri, a methodology for doing just that.

Further to this I explain how Leadership Activism harnesses a leader’s commitment to the change in an effective way, how they can encourage and create more activist leaders in their organisation, and how discipline, rather than stifling creativity and dampening enthusiasm, can be utilised to create competitive advantage and free up time for innovation.

Finally, I explain how Visible Leadership is integral to the leader and their team members’ learning Lean Leadership and how operational excellence will transform their business performance.
Part III - Leading at Scale

Once we have learnt how Leading with Lean and Lean Thinking will transform our business, it is important to scale the impact across the whole organisation and in this part of the book I discuss how the leader and the organisation may learn from both their own and others’ successes and use this learning to avoid reinventing the wheel.

The final two elements of Lean Leadership, Mosquito Leadership and Coaching Leadership, are also introduced. The first of these is sometimes controversial, as a mosquito may seem like a peculiar animal for a leadership metaphor, until you consider that the term ‘viral marketing’ or the concept of spreading ideas virally are accepted vernacular in business and social circles, despite the fact that none of us would want to actually contract a virus. I would therefore ask that you keep an open mind when it comes to the concept of Mosquito Leadership, as it is one that I consider extremely important to the success of a Lean Transformation and to Lean Leadership.

In the second half of this part of the book, the concepts of Coaching Leadership and the business excellence competition are introduced, both providing the education in Lean Thinking that is required for the entire organisation.

Part IV - Leading Excellence

Having taken the reader through the critical concepts of Leading with Lean, in Part IV of the book I establish how the leader can take the organisation through the transformation by putting their Lean Leadership into practice. This involves creating the fundamentals of a Lean Enterprise that will allow you to break the mediocrity barrier and deliver the operational excellence that we require.

To do this, you will need to make your business excellence team’s approach excellent, so I’ve discussed how to achieve this effective, model set-up and, lastly, demonstrated how we must reconcile the age-old dichotomy of the value stream versus local autonomy.

Part V - Leading with Lean

In the final section of the book the reader will learn how to make the new way of working the culture of their organisation and how doing so is not a single, continuous journey but a lifetime of journeys. I will describe how this requires the leader to have significant stamina, as the transformation will span many years and require a long-term resolve which many lack the ability or motivation to maintain.

The book culminates by summarising the elements required to Lead with Lean and the mindset of excellence required to attain all elements of the Lean Leadership Model.
I hope that you not only enjoy this book but that it provides you with inspiration to develop your own Leadership further and perhaps to break through some of the barriers that you may have met in your attempts to transform your organisation.